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ABSTRACT

This report is designed to familiarize the reader with current changes in State systems of public school finance. It describes in summary form the major school finance changes made in 1973 by Colorado, Florida, Illinois, Kansas, Maine, Michigan, Montana, North Dakota, Utah, and Wisconsin. State legislative sessions in these States produced substantive enactments aimed at equalizing either educational opportunity or the tax burden or both. To distribute resources to school districts equitably, States are using a modification of "district power equalizing" (DPE). Under DPE a State would guarantee the revenue yield per pupil from a given local property tax rate. Where the actual revenue raised by the rate in a district is less than the guarantee, State funds would make up the difference; where actual revenue is more, the State would recapture the excess. The recapture feature is generally either eliminated or restricted. The report also reviews property tax relief and reform efforts underway in Maryland, Oregon, Florida, Vermont, and California. It considers efforts being made to take into account the needs of tenants in property tax relief packages. (Author/DN)

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MAJOR CHANGES IN SCHOOL FINANCE: STATEHOUSE SCORECARD

Research Brief Vol. 2, No. 2
Education Commission of the States
Wendell H. Pierce, Executive Director

May 1974

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Additional copies of this report may be obtained for $2.00 from the Education Commission of the States, Suite 300 1860 Lincoln Street, Denver, Colorado 80203, (303) 893-5200

A similar report entitled "New Programs of State School Aid," containing the full text of the laws examined herein, is available from the National Legislative Conference, 1150 17th Street, N.W., Suite 602, Washington, D.C., 20036 at a price of $3.50

EA 006 181

PREFACE

This report is designed to familiarize the reader with current fundamental changes in public school finance. It was prepared in summary form for convenient reference. *Titles of new laws* and *names and addresses of state resource people* are listed at the beginning of each state summary for those who want more detailed information.

The 10 states treated here were selected because they have enacted laws which provided for major changes in their school finance system. Some of these changes are more far-reaching than others. (Some events which occurred in 1974 are mentioned.)

These efforts are being keenly observed throughout the nation. This report is current as of Dec. 31, 1973. The Education Finance Project of the Education Commission of the States will have information available on the application, development and interpretation of these new laws. This information will be furnished on request.

We gratefully acknowledge the help we have received from the resource people listed with each state summary. Without their assistance, this report would not have been possible.

Lucile Musmanno
Alan Stauffer

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SUMMARY

This report is designed to familiarize the reader with current changes in state systems of public school finance. It was prepared in summary form for convenient reference.

CHAPTER 1
PERSPECTIVE ON REFORM

Many significant new approaches in school finance were adopted by states in 1973. Ten states made major changes.

Some states dramatically increased the state share of public school costs, easing the burden that falls on the problematic local property tax. A number of states made reforms in the property tax itself.

Although the court decisions were of prime importance in leading to legislative changes in 1973, concerned legislators, educators, state officials and citizens have been dissatisfied for years with the way schools are now paid for. The inequities of school financing needed to be removed. The question is: "How?"

In 1973, state legislative sessions in *Colorado, Florida, Illinois, Kansas, Maine, Michigan, Montana, North Dakota, Utah* and *Wisconsin* produced substantive enactments aimed at equalizing either educational opportunity or the tax burden—or both.

EQUALIZING FINANCIAL RESOURCES

To distribute resources to school districts equitably, states are using a modification of a technique called "district power equalizing" (DPE). Under "district power equalizing," a state would guarantee the revenue yield per pupil from a given local property tax rate. Where the actual revenue raised by the rate in a district is less than the guarantee, state funds would make up the difference; where actual revenue is more, the state would "recapture" the excess. The "recapture" feature is generally either eliminated or restricted.

ECS surveyed four of the first states to adopt reforms in 1973. The results of the survey are given in the text.

CHAPTER 2
SUMMARIES OF SCHOOL FINANCE CHANGES IN 10 STATES

COLORADO

Key Provisions

- Each education mill levied locally is guaranteed to yield $25 per pupil.
- Property tax rates are reduced by 20 to 40 mills.
- Allowable percentage increases in revenue vary according to the previous year's revenue base.
- A State School District Budget Review Board is created for appeals on revenue restrictions.

FLORIDA

Key Provisions

- "Full-time equivalents" (FTE) replace "instructional units" in the formula.
- School district spending is substantially equalized.
- Weighting factors include a county cost-of-living index.
- A comprehensive information system requires school-by-school performance assessment and accounting.

ILLINOIS

Key Provisions

- A district can choose between the old and new finance formulas.
- The state guarantees equal valuation behind each student.
- Maximum rates are set for local property taxes.
- A weighting is included for Title I ESEA students.

KANSAS

Key Provisions

- Income and PL 874 funds are included in the calculation of local district wealth.
- "Local effort rate" varies directly with a district's spending level, which is deter-

mined locally.

- A "district power equalizing" plan, without "recapture," was adopted.
- The state substantially increased aid for transportation.
- School districts receive 10 per cent from state income taxes imposed on resident individuals.

The "Impact Aid" Problem

> Congress exempted Kansas and North Dakota for the 1973-74 school year from the prohibition against counting PL 874 funds as part of local wealth. (Amendments to change this restriction generally and permanently are now before Congress.) Kansas and North Dakota would otherwise have lost substantial amounts of federal aid.

MAINE

Key Provisions

- The state share increases from 30 per cent now to 50 per cent for fiscal year 1975.
- The property tax rate is uniform statewide with full "recapture" of excess revenue.
- A "local leeway" in spending is "power-equalized."

MICHIGAN

Key Provisions

- A minimum yield is guaranteed for every mill of educational tax.
- Capital outlay and debt service payments are equalized.
- An adjustment is made for "municipal overburden."

MONTANA

Key Provisions

- A uniform-rate county property tax includes state "recapture" of excess revenue.
- Expenditure increases are limited to seven per cent.
- A statewide property tax is authorized if needed to pay for any deficits in the state aid program.

NORTH DAKOTA

Key Provisions

- Funds are allocated on the basis of operating costs.
- An equalized 21-mill county levy was adopted, the equivalent of a statewide property tax.
- The equivalent of a 20-mill local effort is equalized.
- The local property tax is reduced.

UTAH

Key Provisions

- A weighted student distribution system replaces the distribution unit.
- Utah's "power equalizing" approach is expanded.
- State aid is increased, with greater equalization.
- The number of weighted students is the average of Average Daily Attendance (ADA) and Average Daily Membership (ADM).
- Categorical aid is given for compensatory education and elementary school guidance.

WISCONSIN

Key Provisions

- State aid is increased and the property tax is reduced.
- Valuation is guaranteed, with recapture possible in 1976-77.
- Disincentives for high-spending levels are included.

CHAPTER 3
PROPERTY TAX RELIEF AND REFORM

New methods of financing state school systems come primarily from attempts to achieve two goals: (1) *equalizing educational opportunity*, and (2) *developing equity* in the tax burden required to pay for the schools.

This chapter covers:

1. Property tax relief
2. Property tax reform in Vermont
3. Property tax reform via assessment practices

Until recently, the taxpayer class affected by the property tax was usually considered to be made up entirely of property-owners. The rising tax burden was thought of as the property-owner's misfortune. In the past few years, however, there has been increasing awareness of the fact that the property-taxpayer class includes tenants and that their needs should be taken into account.

The most common form of property tax relief was conceived by the Advisory Commission on Intergovernmental Relations. This technique is called the "circuit breaker."

Property tax relief is very much a politically viable issue. Reform of the tax, however, is a different story.

Computer systems are being used to take the guesswork out of property appraisal as well as to determine ratios, required tax rates and other information. Assessment procedures and assessor training are generally being improved.

The states reviewed in this section are Maryland, Oregon, Florida and California.

CHAPTER 1

Perspective on Reform

The year 1973 was marked by the adoption of significant new approaches in state school finance systems. Ten states made major changes in their distribution of state school funds. Some states dramatically increased the state share of public school costs, easing the burden that falls on the problematic local property tax. A number of states made reforms in the property tax itself. Court actions dealing with the constitutionality of state school finance systems and certain school practices have started to reach maturity—some with dramatic financial impact.

Sharply rising costs in education have led to rapid increases in local property tax rates. Local property taxes supply half the nonfederal funds for the $60 billion enterprise of running the nation's schools. (Federal funds provide less than six per cent of the total.) The tugging at the purse strings drew public attention to school support. The public is becoming increasingly aware of differences in educational opportunities between districts and of the fact that those differences depend on the wealth, or lack of wealth, in a district's property tax base. The agitation for reform has been heard. Some have taken the matter to the courts.

The judicial school finance milestone was the California Supreme Court decision in *Serrano vs. Priest*.[1] In its August 1971 decision, the California court ruled that the level of expenditure for a child's education must not depend on the wealth of his family or community. Later in 1971, a three-judge federal district court in Texas found that unequal educational opportunity deprived some students of equal protection of the laws under the 14th Amendment to the U.S. Constitution.[2] However, upon appeal in 1973, the U.S. Supreme Court held, in *San Antonio Independent School District vs. Rodriguez*,[3] that the Texas school finance system, although marked by inequality, did not offend the U.S. Constitution. The court pointedly noted that responsibility for reforming school finance is a state responsibility. The *Rodriguez* decision noted that other state systems face the same problems that plague Texas.

Several weeks later, the New Jersey Supreme Court held, in *Robinson vs. Cahill*,[4] that the New Jersey school finance system violates a state constitutional provision dealing explicitly with the establishment of education.

Similar court cases have sprung up across the country. By Feb. 15, 1974, 59 such cases had been filed in more than 30 states.[5] Many of these cases were filed on both state and federal grounds. Seven federal suits and 15 state suits are still pending, involving the school finance systems of 18 states. Most of the state suits are based on an "establishment of education" clause in the state constitution.

Although the court decisions were of prime importance in leading to legislative changes in 1973, there had been dissatisfaction among concerned legislators, educators, state officials and citizens for years. The inequities of school financing needed to be removed. The question was, "How?"

Study groups were commissioned. By June 1, 1972, such groups had been organized in all 50 states.[6] Professional advisors were called in to provide expertise. Reports and recommendations multiplied (see Appendix 1), and the legislatures responded. Astute leadership and effective political action resulted in the adoption of some remarkable and far-reaching changes in the law.

As it happened, many states were able to implement reforms because of the incidence of surpluses in state treasuries. In fact, the kinds of reforms initiated may be limited to states that have surpluses. Time will tell.

In 1973, state legislative sessions in Colorado, Florida, Illinois, Kansas, Maine, Michigan, Montana, North Dakota, Utah and Wisconsin produced substantive enactments aimed at equalizing either educational opportunity or the tax burden—or both.

In general, state legislatures have adopted one of four responses, which are not altogether distinct:

1. Equalizing the financial resources of local districts to support specified levels of per-pupil spending;
2. Shifting school costs away from the property tax base to general state funds;

3. Changing the techniques used for distributing state funds;
4. Reforming or reducing the property tax.

Equalization

In an attempt to distribute the local wealth of school districts equitably, states are using a modification of the technique called "district power equalizing" (DPE)[7] Under "district power equalizing," a state would guarantee the revenue yield per pupil from a given local property tax rate. Where the actual revenue raised by the rate in a district is less than the guarantee, state funds would make up the difference; where actual revenue is more, the state would "recapture" the excess.

For example, a state may guarantee that a tax rate of 28 mills (2.8 per cent) in any district, regardless of the wealth of its property tax base, would enable the district to spend a fixed dollar amount per pupil, say $610. If a 28-mill tax rate does not produce that amount, the state will make up the difference. But, if the 28-mill tax rate produces more than $610, the excess is "recaptured" by the state. School districts are thus given equal "revenue-raising power." A phase-in period would protect wealthy districts affected by "recapture."

In one variation of the "power-equalizing" concept, a state guarantees property-poor districts a minimum dollar amount of revenue per student, without "recapturing" from property-rich districts. This approach falls somewhat short of the guidelines of *Serrano* and *Robinson*.

One feature of "power equalization" is that it permits a local choice in spending level. An advantage is that no major change in the tax structure is required; state foundation programs can be modified to incorporate part or all of the "power-equalizing" concept.

All of the states reviewed in this report have:

1. Used at least part of the "power-equalizing" concept (summarily called "percentage equalizing") and
2. Increased the level of state funding.

Full State Funding and Increased State Aid

Another possible solution to the problem of inequities in school financing is *full state funding* of schools. Under this approach, substantially all school operating and maintenance costs would be paid by the state.

In Hawaii, the only state in the nation with a single school district, there is limited local discretion on levels of spending. Funds for Hawaii's 215 schools are received directly from the state legislature in two separate appropriations—one for operations and the other for capital improvements.

Oregon attempted to implement a full state funding scheme in 1973. It provided state funding for 98 per cent of school costs. Although the plan was approved by the legislature, it was defeated by referendum. Several states have substantially increased their levels of state funding.

Spending Based on Cost and Need

Equality of educational opportunity does not necessarily mean, nor have the courts interpreted it to mean, that equal dollars must be spent on every student. States are not prohibited from channeling extra dollars into such high-cost programs as education for handicapped children. States can also adjust for regional cost differences and for the high costs peculiar to urban and rural areas. The method used by most states to make these adjustments is called "cost weighting." For example, a student in a handicapped children's program may be weighted three times more than a regular student.

Utah enacted the most extensive weighting system of any state in 1973. That system includes 20 categories of handicapped children (10 categories for students who are placed in regular classrooms [i.e., "mainstreamed"] and 10 for students in self-contained classrooms), plus a number of categories for vocational education, professional staff experience and rural high-cost districts. Legislation in *Colorado* and *Michigan* attempted to adjust for "municipal over-burden," i.e., heavy demand for tax revenues to support other public services in cities. This demand competes with the demand for school funding.

Florida weights each of its 67 school districts according to a cost-of-living factor, besides weighting for handicapped children's education and other high-cost programs. (Florida also weights grades K-3 proportionally higher than other elementary grades.)

Another method of funding high-cost programs is categorical grants-in-aid. These grants are earmarked for specific educational purposes. Some states establish categorical grants for cer-

tain types of pupils, educational personnel (librarians), physical facilities, special subject instruction or programs (transportation) and a number of other high-cost areas.

A New Way to Insure Change

One of the most interesting school finance developments took place in *Arizona*. For the past several years the Arizona Legislature has been trying to come to grips with school finance reform. In 1973, after appropriations were made for the 1973-74 school year, all existing school finance laws were repealed, effective June 30, 1974. This is the date by which budgets for the 1974 school year must be submitted under existing law. Therefore, the legislators now have no alternative but to enact new legislation.

Reactions to School Finance Reforms

Curiosity is growing about how these reforms are working out in practice. Although it is too early to identify accurately problems involved in implementing the laws adopted, an effort was made to get an early reading on reactions to the reform laws and on the kinds of problems expected. A preliminary survey was sent in October 1973 to Florida, Kansas, Montana and Utah—four of the first states to adopt reforms in 1973. Table 1 gives the survey's results.

TABLE 1

Reactions to School Finance Reforms in Florida, Kansas, Montana and Utah (from an October 1973 Preliminary Survey by ECS)

	Complexity	*Major Implementation Problem*	*Expected Effect on Administrative Costs*	*Expected Effect on Local Control*
Florida	More complex than old law because of new cost weightings	Changing of reports, forms and accounting procedures because of new school-by-school cost accounting requirement	Expected to increase costs because of added staff needed at both state and local levels	More local control expected because of new funds in poorer districts
Kansas	Less complex	Ability to understand all the implications	None	None
Montana	No increase in complexity (the new law does not change the old foundation plan substantially)	Achieving uniform property assessment. Forecasting district costs and budgets	None	Several returns said spending limitations could prevent districts from starting new programs
Utah	More complex (the system involves more extensive cost weightings)	(1) Getting accurate cost data for weightings system; (2) Identification of weighted students; (3) Changes in reports, forms and accounting procedures	Returns divided	None

In each state the survey was sent to: (1) the chairmen of legislative committees on education, (2) a member of the legislative staff, (3) a member of the state education agency, (4) a sample of local school district administrators and (5) a sample of local school board members. (Surveys were sent to local school board members in care of their local school districts. In every case, the survey was answered by the school district administration rather than a school board member. Consequently, the survey did not get local board reaction.)

The overall results of the survey are: the *Florida* and *Utah* laws were considered *more complex* than the laws they replaced, because of new cost weightings in the distribution formulas; *Montana's* change did not make the formula more complex; the new *Kansas* law was considered less complex. The *major implementation problems* identified were: changes required for *Florida's* new school-by-school cost accounting requirement; achieving uniform property tax assessments and forecasting district costs and budgets in Montana; and, in Utah, getting accurate cost data for the weighting system, identifying weighted students and changing reports, forms and accounting procedures. *Administrative costs* were expected to increase in Florida, but remain unchanged in Kansas and Montana; opinion was divided in the Utah samples. More *local control* was expected in Florida because of the increase in funds for poorer districts; in Montana, spending ceilings were expected to prevent some districts from starting new programs; no change was expected either in Kansas or Utah.

Later Developments

Montana's new law was held constitutional in a Feb. 6, 1974, declaratory judgment by the Montana Supreme Court.[7] The challenge came from county objections to delivering collected revenues to the state under the law's provision for "recapture." The court said that the tax was uniform throughout the state and that it was merely being collected by the counties.

* * * *

The latest judicial bombshell was the U.S. Supreme Court Jan. 21, 1974, decision in *Lau vs. Nichols*.[7] In this decision, the U.S. Supreme Court ruled it unconstitutional for the San Francisco schools to provide adequate schooling for some Chinese-speaking students but not others. The decision is relevant to all school districts with children who do not understand English.

* * * *

Property tax relief and reform and new approaches to property tax administration in *Maryland, Oregon, Florida* and *California* are examined in Chapter 3.

CHAPTER 2

Summaries of School Finance Changes in 10 States*

The 10 states discussed in the following case studies took positive steps in the search for equalization of education opportunity during 1973. The same basic components appear in each of the state aid formulas. However, the words or phrases used to describe each formula may be quite different. It should be remembered that a word or phrase used by an author in one state may not have been politically expedient to use in another state. Careful analyses of these formulas will reveal the political compromises that preceded enactment.

Each state's formula should be examined for its own merits and weaknesses. The expectation of future legislative action in subsequent sessions permits some degree of trial and error. This is discoverable throughout the formulas.

Comparison between states is not advisable. Standard phrases such as "budget per pupil" are not comparable without detailed statistical analysis. Another point of law which distorts comparison between equalization formulas is the state-imposed "expenditure limitation." There are other factors that are scarcely comparable.

Overall, the equalization formulas represent a great many years of study and research. Some states have enacted innovations in school finance. The ideal system has not appeared.

*See Appendix II.

COLORADO

Title of Legislation	The Public School Finance Act of 1973
Bill No.	House Bill 1562
Statute No.	CRS 123-44-1
Contacts:	Representative Austin Moore Chairman, House Education Committee State Capitol, Denver, Colo. 80203 (303) 222-9911
	Edwin E. Steinbrecher Office of Department Management Services Colorado Department of Education Denver, Colo. 80203 (303) 892-2219

Key Provisions

- Each education mill levied locally is guaranteed to yield $25 per pupil.
- Property tax rates are reduced by 20 to 40 mills.
- Allowable percentage increases in revenue vary according to the previous year's revenue base.
- A state School District Budget Review Board is created for appeals on revenue restrictions.

Colorado's Public School Finance Act of 1973 takes a major step forward in equalizing revenues available to the state's school districts. It also provides substantial property tax relief.

The repealed law provided that the state pay the difference between a $518 per-pupil support level and either the revenue produced from a local qualifying rate of 17 mills or the necessary millage to raise $250 per pupil, whichever was the least. Special provisions required that, if the $250 could be raised with a levy less than 14 mills, the local effort requirement would be increased to $280 per pupil. As the amount of necessary millage decreased, the local effort requirement was proportionally increased, i.e., if a local levy of less than 10 mills could raise $250 per pupil, the requirement increased to $380.

The principal defect of the old law was that in districts of low wealth, the level of support was not high enough to cover their needs—$518 did not suffice.

Guaranteed Mill Yield

CRS 123-44-1 guarantees that every mill a school district levies will produce $25 per school district's attendance entitlement (AE), i.e., the number of pupils in average daily attendance during a special four-week counting period which provides the basic unit of support. In 1975 the guarantee increases to $27, and to $29 in 1976. The state pays the difference between what one mill produces per AE and the guaranteed yield. Because of an implied prohibition in the Colorado Constitution, there is no provision for recapture of funds for school districts where one mill produces more than the guaranteed amount. Such districts are given a flat grant of $8 per pupil per mill levied. This grant increases to $9 in 1975 and to $10 in 1976.

Variable Levels of District Support

Each school district is guaranteed an authorized revenue base for the budget year to cover expenditures. A district's revenue base is determined by the previous year's revenue base and a certain allowed percentage increase. Districts with low revenue bases are allowed to increase their expenditure base at a greater rate than districts with high revenue bases. (See Table 2.)

TABLE 2

The Determination of Revenue Bases Under Colorado's New School Finance Law

If the revenue base for the preceding year was:	*The revenue base will be the following per cent of the preceding year's revenue base.*
Over $ 750 but not over $ 800	112%
Over 800 but not over 850	111%
Over 850 but not over 900	110%
Over 900 but not over 950	109%
Over 950 but not over 1,000	108%
Over 1,000	107%

Note: Any district under $750 may increase to that level in the first year.

The purpose of this support is to allow low-spending districts to equalize their spending with wealthier districts. The new system will not equalize spending completely. For example, after three years, a district in the 112-per cent category arrives in the 107-per cent increase category. During this time the 107-per cent category districts have increased their revenue bases by 107 per cent each year. There are two methods provided by which poorer districts may be able to catch up. They may seek a vote of the people, or they may seek permission from the review board to increase the district's revenue base beyond what the law allows. This is within the authority of the board, which was created by the new finance act and which consists of the lieutenant governor, the state treasurer and the chairman of the state board of education. If the district is successful in increasing its revenue base on the basis of action by the board or by the approval of the voters, the funds must be supplied from the local tax base the first year, but subsequently as these become a part of the revenue base, they will be raised on a state/local sharing basis.

Property Tax Relief

Since a school district's revenue base is limited and since the state guarantees a $25 yield per AE per mill levied, there is a limit to the number of mills a district can levy. In 1973, districts were generally levying between 60 and 70 mills for education. Under CRS 123-44-1, most districts will be levying between 35 and 45 mills. The number of mills levied is determined by dividing the guaranteed revenue base by the $25 guaranteed yield. For example, a district with a revenue base of $1,000 would levy 40 mills: $\frac{\$1,000}{\$25} = 40$.

If this district's assessed valuation per pupil were $12,000, 40 mills would produce $480. The state would pay the district $520 to produce a total support of $1,000 per AE.

A problem with this method is that differing assessment levels among the school districts affect the amount of state aid they will receive. The less wealth a district has, the greater the state aid. If local assessed value is understated, the district will appear to be poorer than it actually is. Overassessed districts, which would appear to have more wealth, would lose state aid. Other legislation was aimed at correcting this problem.

Other Provisions

Special help for Denver, the state's largest school district.

Special help for small-attendance centers.

State aid for operating expenses jumps from 31 to 51 per cent.

An $87-million increased appropriation to pay for: (1) property tax relief and (2) equalization of operating expense.

FLORIDA

Title of Legislation:	The Florida Education Finance Act of 1973
Bill No.:	Committee Substitute for H.B. 734
Statute No.:	73-345
Contact:	Marshall Harris Office of the Governor State Capitol Tallahassee, Fla. (904) 488-3384

Key Provisions

- "Full-time equivalents" replace "instructional units" in the formula.
- School district spending is substantially equalized.
- Cost weighting factors include a county cost-of-living index.
- A comprehensive information system with school-by-school performance assessment and accounting.

From 1947 to 1973, Florida financed its schools under the "Minimum Foundation Program," a program jointly funded by the state and local districts. The basic unit for distribution was the "instructional unit" (a teacher or classroom unit). Local school boards (all school districts in the state are countywide) were allowed to levy 10 mills on the local assessed valuation of property for operating costs without a vote of the people.

Local districts could tax up to 10 additional mills by holding a special election for a few limited purposes specified by the legislature. School districts had to levy at least 4.5 mills to participate in the foundation program. The local share of the foundation program was 95 per cent of the calculated yield of the 4.5-mill tax on the nonexempt assessed valuation of each district for the preceding calendar year. The state share was calculated by subtracting the local share from the foundation level for "instructional units." Instructional unit size differed with school size. Additional units were allowed for exceptional children, kindergarten children and vocational and adult education classes.

In the summer of 1971, Governor Reubin O'D. Askew appointed the Governor's Citizens' Committee on Education. The committee, funded by the legislature and the Ford Foundation, was charged with the mission of studying all levels of education and making recommendations. The committee published its report, *Improving Education in Florida*, in March 1973. The recommendations of the committee and its consultants led to the adoption by the legislature of "The Florida Education Finance Act of 1973." The legislature budgeted a record $132-million increase in state funding to pay for the program.

Full-time Equivalents

One problem of the previous finance law was that students attending regular classes as well as special education classes were apt to be counted twice for state aid purposes. The old "instruc-

tional unit" method may have discouraged "mainstreaming" handicapped children into regular classes.

Under the new law, *full-time equivalent* (FTE) students are to be calculated during one week in the fall and one week in the spring. For each school program, FTE equals the number of students enrolled times the ratio of the number of hours per week that the student attends that program to the number of hours per week a full-time student at that grade level normally attends school. By using this method of calculation for student accounting, districts will not lose money because of low-attendance problems. Double counting will be eliminated.

Equalization

Equalization is achieved under the new law by a combined foundation and "power-equalizing" formula. Every school district is required to levy a seven-mill tax for education. The state pays poor districts the amount of revenue necessary to bring the seven-mill yield up to a set state standard. This standard, the "basic student cost," depends upon the total annual appropriation for the program. Since wealthy districts produce more revenue per mill levied, they will contribute a greater share to their own operating budget than will poorer districts. No district can levy more than 10 mills for current operations without a vote of the people; any additional millage voted must be used for the few limited purposes specified by the legislature. The state "power equalizes" the yield of the 8th, 9th and 10th mills, if these are levied.

Cost Weightings

Under CS-HB 734, grade levels and educational programs are weighted according to cost factors. Grades K through 3 are more heavily weighted than the other elementary grades. There are 15 weightings for handicapped and exceptional students, six for vocational education and two for adult general education programs. In addition to educational program cost factors, the new legislation provides for two other factors, a *cost-of-living* factor for each school district and a *compensatory education* factor, to be included in the school finance formula.

State Aid Formula

To determine the state share of the local budget: (1) the number of local FTE students is multiplied by the program-weighting factors; (2) this amount is multiplied by a basic student cost, an amount determined annually by the legislature by dividing the total school aid appropriation and by the number of FTE students (for the 1973-74 school year, the basic cost will be $587); (3) to this product is added the compensatory education factor (.05 x base student cost per FTE for each qualifying student); (4) the sum is multiplied by a county cost-of-living factor; and finally, (5) required local effort is subtracted.

State Aid = (FTE students x Program Cost factors x $587* + Compensatory Education factor) x Cost-of-Living factor — Required Local Effort

*Note: This figure will fluctuate during the year and will be determined by student population surveys. (Four surveys are scheduled for 1973-74.)

Comprehensive Information, Accounting and Reporting System

An important feature of CS-HB 734, the Florida Education Finance Act, is its provision for the development and implementation of a comprehensive management information and performance assessment system. The commissioner of education is required to make certain that individual district management information and assessment systems provide the data necessary to refine the cost weightings in the new finance program. The management system is to generate *school-by-school* data rather than district-by-district information. Reporting terminology will be standardized. Management objectives will be compatible at all policy levels. Student performance indicators will be comparable to national performance indicators. Each district and each school will be required to account for expenditures by reporting cost data by program.

Other Features

There is a virtual state takeover of local capital construction and debt service under a separate formula. Reform of property tax assessment administration is covered in Vol. 1, Chapter 73-172, Laws of Florida, 1973.

ILLINOIS

Title of Legislation: Amendment to Section 18-8 of "The School Code"
Bill No.: House Bill 1484
Statute No.: PA No. 78-215 (Ch. 122)
Contact: Representative Charles Clabaugh
405 W. University Ave.
Champaign, Ill. 61820
(217) 352-2380

Key Provisions

- A district can choose between the old and new finance formulas.
- The state guarantees equal valuation behind each student.
- The maximum rates are set for local property taxes.
- A weighting is included for Title I ESEA students.

There has been a major modification of Illinois' school financing system. School districts under newly enacted House Bill 1484 have a choice among three formulas: two amended foundation level formulas and a "resource equalizer" formula. A district will receive aid under the formula that provides it with the greater amount of state money.

The foundation level formula which was the system of school funding in Illinois for many years was amended, but it retained the foundation level of $520 for each best six months' weighted average daily attendance (WADA).

Poor districts will fare better under the "resource equalizer" formula. This establishes a fixed amount of resources (assessed valuation) supporting each pupil.

TABLE 3
Resource Equalizer Components

District Type	*Guaranteed Per-Pupil Assessed Valuation*	*Maximum Operating Tax Rate*
Elementary	$ 64,615	$1.95
Secondary	120,000	1.05
Unit	42,000	3.00

The key factor in this formula is the *maximum operating tax* (the district's total tax rate less certain exemptions, for example, tax rates for transportation). It is fixed by statute according to the type of district. A *unit district* is one that encompasses all grade levels (K-12) and would use 3 per cent of assessed valuation. In *dual systems*, where school districts have separate elementary (K-8) and secondary (9-12) districts, the prescribed rate is 1.95 per cent and 1.05 per cent respectively.

In a hypothetical case, assume that an elementary district which has a *per-pupil assessed valuation* (PPAV) of $40,000 (theoretically, property tax assessments are equalized beforehand) and an *operating tax rate* of $1.50, the local money raised would be $600. The PPAV would be subtracted from the *guaranteed* PPAV and the difference multiplied by the operating tax rate of $1.50.

FIGURE 1

Illinois' Calculation of State Aid for a Hypothetical District Using the "Resource Equalizer" Formula

$64,615	Guaranteed PPAV	Local	$600.00	
—40,000	PPAV	State aid +	123.08	
$24,615			$723.08	District Per-Pupil Expenditure
x 1.50	Operating Tax Rate			
123.0750	State Aid			

The district would have $723.08 to spend for each student's education. If the local operating rate had been at the maximum of $1.95, the district would be guaranteed $780.

The maximum increase a district could receive would be 25 per cent of the previous year's entitlement until the full amount of the entitlement is received, except where there is a marked increase in weighted average daily attendance (WADA). Approximately 85 per cent of Illinois pupils are enrolled in "resource equalizer" districts.

There is also a provision for weighting of disadvantaged pupils. The calculation is based upon the number of pupils eligible under Title I. Districts choosing one of the foundation plans may receive a density bonus.

KANSAS

Title of Legislation: The School District Equalization Act of 1973
Bill No.: Substitute Senate Bill 92
Statute No.: Chapter 72, Article 70
Contact: Richard Ryan, Associate Director
Legislative Research Department
State Capitol Building
Topeka, Kan.
(913) 296-3181

Key Provisions

- Income is included in the calculation of local district wealth.
- "Local effort rate" varies directly with district spending level, which is determined locally.
- The "district power equalizing" plan does not include recapture.
- The state substantially increased aid for transportation costs.
- School districts receive 10 per cent from state income taxes imposed on resident individuals.

The 1973 Kansas Legislature completely changed the school financing system following a determination by a state district court that the existing financing method was unconstitutional under the equal protection clause of the 14th Amendment to the U.S. Constitution and also violated the Kansas Constitution.[10] Legislative committees had been doing research and study for seven years prior to the court decision in an effort to improve the finance system. The result was the School District Equalization Act which was enacted after the *Rodriguez* case was decided in the U.S. Supreme Court.[11]

The Kansas State District Court in a subsequent memorandum decision[12] made some interesting observations on the distinctions between the Texas law which had been permitted to stand and the Kansas law which it had struck down. The court said:

1. The so-called "tax lid" in Kansas was a direct, state-imposed barrier to local efforts designed to increase school expenditures by not more than five per cent per year. The tax lid, therefore, preserved the status quo and locked the poorer districts into their position of relative inequality vis-a-vis the more affluent districts. A "maintenance tax" ceiling at $1.50 per $100 of assessed valuation does exist in Texas, but the limitation does not restrict increases in expenditures nearly to the extent that the Kansas tax lid did.
2. In Texas, the difference between state aid to a local district and that district's contribution to the state foundation program is a function of the wealth of each district, depending to some extent, of course, on the district's tax effort. The sole standard for determining state aid in Kansas, however, was an economic index computed country-wide. Poorer districts situated in Kansas counties having a high over-all economic index, therefore, were penalized by virtue of their geographic location. State aid to counties* bore no rational relationship to the actual needs of the individual districts, and this contributed to the disparity of district resources not only among districts located in the same county, but also among poor districts across the state.
3. The differences between both expenditures per pupil and assessed property valuation per pupil were much more extreme in Kansas than in Texas. The two Texas districts

*Richard Ryan of the Kansas Legislative Research Department indicates that the word "districts" would be better than "counties."

compared in *Rodriguez* provided per-pupil expenditures of $356 and $594 in 1967-1968, whereas the lowest expenditure per pupil in Kansas for 1970-71 was $516 and the highest $1,753. The difference of only $238 which existed between the Texas districts was much smaller than the difference of $1,237 existing between the highest and the lowest Kansas district. Similarly, the assessed property valuation per pupil in the Texas districts discussed in *Rodriguez* varied from $5,960 to $49,000 compared with a range of $4,604 to $115,515 in Kansas.

It is estimated that, in 1973-74, Kansas will increase general state aid by about $56 million, besides returning $13 million from individual income taxes, for general operating costs of elementary and secondary schools. The state share for this category of spending for districts receiving general aid will jump from 28 per cent to about 42 per cent. In addition, transportation aid was nearly doubled, from $6 million to $11.6 million. Statewide, the act reduced district general fund and countywide property tax levied in 1973 by $44.3 million, or 19.3 per cent. Gross total school levies, including those not directly affected by the new equalization law, decreased by $28.7 million, or 9.4 per cent.

District Power Equalizing

The Kansas law provides for "district power equalizing." The law differs from the Utah, Maine and Florida laws in that there is no mandatory uniform mill levy for education at the district level. There is a uniform *county* levy equal to two mills on 1971 equalized assessed valuation. Districts will decide on their own spending level, and they will levy a local tax at a rate determined on that basis. All districts in the same enrollment category that choose to spend at the same level must have the same *local effort rate* (LER). This varies according to spending level. It is prescribed in the bill to be 1.5 per cent of *district wealth* (i.e., sum of equalized valuation of a district plus districts' individual taxable income), if a district decides to spend at the *norm budget per-pupil level* in its enrollment category. If a district decides to spend more or less than that level, its local effort rate is adjusted up or down proportionately. (See Figure 2.)

A *norm budget per pupil* is established for three enrollment categories. (See Table 4.) Median operating costs for the categories were used to develop the norm budgets. For example, in 1973-74, the norm budget for districts of 1,300 or more students is $728 per pupil. Districts under 400 students could have a norm budget of $936. For districts between 400 and 1,299, the norm budget per pupil varies inversely to enrollment, decreasing from $936 to $728 as enrollment increases. The enrollment categories and the "norms" will be recalculated by the state department of education each year after 1973-74 in order to reflect changes in median operating costs.

Expenditure Limits

Enrollment categories, identical to the ones established for the purpose of the general state aid formula and made applicable to the budget control provisions of the new law. The basic limitation is that no district may budget or expend for operating expenses per pupil more than 115 per cent of its budget per pupil (BPP) in the preceding school year *or* 105 per cent of the median BPP in the preceding school year of districts within the same enrollment category, *whichever is less*. However, any district may budget or expend 105 per cent of its BPP in the preceding school year. Also, if approved by the electors of the district, the BPP may be increased to the BPP in the preceding school year. No district may budget in any year an amount for operating expenses less than $600 per pupil. The state board of tax appeals may authorize a district to increase its budget for additional operating expenses for certain reasons specified in the law.

State Transportation Aid

Transportation costs will continue to be calculated according to cost-density factors. The

TABLE 4

Enrollment Categories and Norm Budgets per Pupil for 1973-74
Specified in Kansas' School District Equalization Act of 1973

District Enrollment (E)	*Budget Per Pupil*	*Adjustment*
Under 400	$936	None
400-1,299	$936	Minus $.23111 (Enrollment-400)
1,300 and over	$728	None

state will now pay 100 per cent of the cost calculated from the density factor or 100 per cent of actual per-pupil transportation costs, whichever is lower.

Income Tax Rebate

Each school district is entitled to 10 per cent of the resident individual income tax liability, after credits for taxes paid to another state, under the state income tax law.

The "Impact Aid" Problem

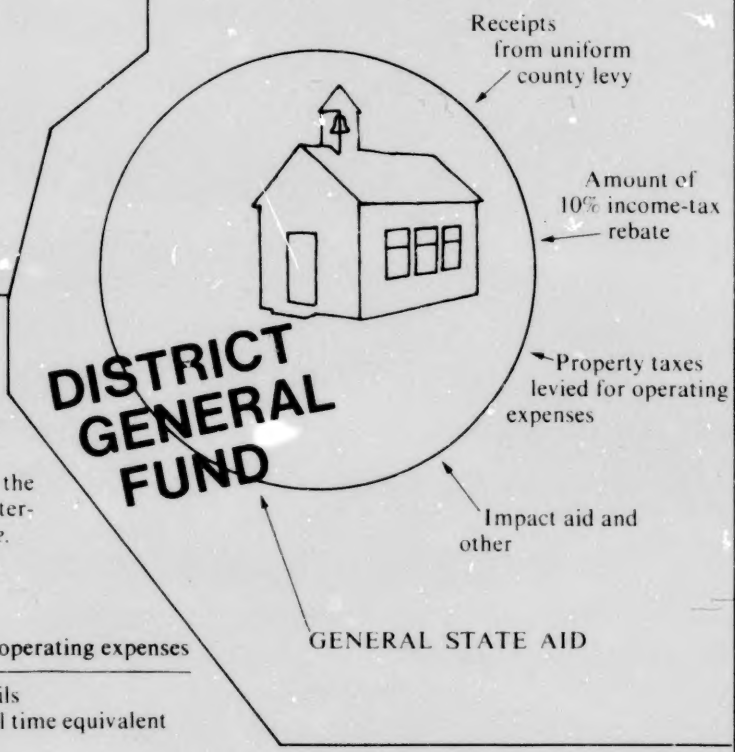
Since the enactment of the School District Equalization Act of 1973, Kansas has received an opinion from the U.S. Office of Education that deduction of PL 874 funds (federal impact aid) in the computation of general state aid as part of the general fund revenue base is illegal. North Dakota's new school finance law was similarly affected.

Congress has enacted a special provision exempting Kansas and North Dakota for the 1973-74 school year, from the prohibition against counting PL 874 funds as part of local wealth. Federal legislation to permit this inclusion permanently is being sought.

FIGURE 2. Calculation of General State Aid for a Kansas School District

1. Each district board has the power to select the spending level, within statutory limits.

2. A school district's general fund is derived from a number of sources.


Receipts from uniform county levy
Amount of 10% income-tax rebate
Property taxes levied for operating expenses
Impact aid and other
DISTRICT GENERAL FUND
GENERAL STATE AID

3. The *norm budget per pupil* in the Kansas statute is the basis for determining a district's *local effort rate*. (See Table 2.)

$$\text{Budget Per Pupil (BPP)} = \frac{\text{Budget for operating expenses}}{\text{No. of Pupils enrolled full time equivalent}}$$

District Wealth = Adjusted (equalized) valuation of district + Taxable income of resident individuals.

4. *General state aid* for a school district is calculated in the following manner:

General state aid = the district's legally authorized general fund budget *minus* the sum of a, b, c and d, where:

- a = district wealth x local effort rate,
- b = district receipts in the preceding school year from *impact aid*,
- c = receipts from the uniform county levy, and
- d = the district's share of the tax on intangibles.

MAINE

Title of Legislation: Funding of Public Schools
Bill No.: L. D. 1994
Statute No.: Ch. 510, Title 20, Revised Statutes
Contact: Asa Gordon
Office of Commissioner
Department of Educational and Cultural Services
Augusta, Maine 04330
(207) 289-2321

Key Provisions

- The state share increases from 30 per cent now to 50 per cent for fiscal year 1975.
- The property tax rate is uniform statewide with full recapture of excess revenue.
- A local leeway is power equalized.

Maine's new program, effective July 1, 1974, is one of the most complete forms of district power equalizing established in any of the states and is simply based on the concept of "equal dollars for equal tax effort." (See Figure 3.)

The effect of the new law is to reduce the burden of school costs which have been borne by the property tax to 50 per cent and to provide 50 per cent of the *total cost* of education from state tax source.

The state commissioner of education is required to certify to the state tax assessor the estimated cost of educating the state's pupils (K-12) for the year. The assessor shall then establish a uniform tax rate sufficient to produce half of the estimated cost for all districts. If this mill rate produces more than the district's school allocation, the excess is paid into the general fund of the state. Each district will be assigned an allocated amount determined by the state average elementary or secondary per-pupil cost.

Other Provisions

An appeal procedure is established to contest the state-computed amount of state aid.

State aid is adjusted to meet the needs of geographically isolated schools.

Children residing on land under control of the federal government are not counted as students under the finance formula.

FIGURE 3

Calculating the Distribution of State School Aid to School Districts in Maine

	Steps in Computation	*Amounts, 1974-75*	*Revenue Sources*
Step 1.	State average per-pupil cost x district's average number of resident pupils	Elementary pupils $600 Secondary pupils $915	State funds
Step 2.	Computation of operating cost for special education	Same as preceding year	State funds
Step 3.	Computation of operating cost for vocational education	Same as preceding year	State funds
Step 4.	Previous year's transportation cost	7% limitation on increases	State funds
Step 5.	Approved expenditures for capital outlay		50% from uniform property tax; 50% from non-property tax revenues
Step 6.	Approved expenditures for debt services		50% from uniform property tax; 50% from non-property tax revenues
Totals:	The *total* of these amounts, subject to adjustment, is the basis for allocation of funds to a unit. The maximum tax increase for a unit for any year will be 2½ mills.		

Equalized Local Leeway

Voters may vote up to an additional 2½ mills if necessary or for additional programs. Each voted mill is guaranteed to produce $50; if a mill produces more than $50, the "excess" is "recaptured" for the state general fund.

MICHIGAN

Title of Legislation: The Gilbert E. Bursley School District Equalization Act of 1973
Bill No.: Senate Bill 110
Statute No.: Act No. 101, P. A. of 1973
Contact: Senator Gilbert E. Bursley
Chairman, Education Committee
2065 Geddes Ave.
Ann Arbor, Mich. 48104
(517) 373-2406

Gene Caesar
Education Consultant
Michigan State Senate
Room 300
Capitol Building
Lansing, Mich. 48903
(517) 373-2406

Key Provisions

- A minimum yield is guaranteed for every mill of educational tax.
- Capital outlay and debt service payments are equalized.
- An adjustment is made for municipal overburden.

Michigan's previous state aid program attempted to equalize school district expenditures under two formulas. Districts having a state-equalized valuation of more than $17,750 per pupil were guaranteed $644 per pupil if they levied a 16-mill property tax. Districts with a valuation of less than $17,750 per pupil were guaranteed $715 for each student, but they had to levy a 20-mill tax. The program did distribute more money to poorer districts; but, because there were only two categories of wealth, the adjustments were less than perfect.

Public Act 101 of 1973 enacted a power equalizing plan without a "recapturing" clause. Because the equalization level is nearly twice the tax base of the average district, only 3 per cent of the 1972-73 enrollment was above that level, and the gain from a "recapture" clause would be slight.

The new law equalizes construction and debt service costs. It also attempts to deal with the problem of high educational costs in urban areas.

Guaranteed Minimum Yield of Local Tax Effort

State aid under the new formula will be computed by subtracting the school district's per-pupil taxable valuation (adjusted by the state to account for varying assessment practices) from $38,000 and multiplying the result by the tax rate.

State aid = $38,000 — local per pupil valuation x local tax rate. Districts that have valuations in excess of $38,000 are not required to make any payment to the state, but they will not receive state aid. By the 1975-76 school year the guaranteed valuation will be $40,000. Districts will receive aid for up to 22 mills in 1973-74 and up to 25 mills in 1974-75. After 1975, there is no limitation on the amount of reimbursable millage.

Equalization of Capital Outlay and Debt Service

Public Act 101 of 1973 provides that a portion of the local mills levied for capital outlay and debt service will be equalized on the basis of figures from the preceding year, along with the mills

for operational purposes. The number of mills to be equalized is computed by dividing the amount of the district's total obligation for debt service and building and site by the membership, and dividing the result by $38,000 in 1973-74 and $39,000 in 1974-75. The total number of mills to be equalized under the law (both for capital and operating costs) cannot exceed 22 mills in 1974-75 and 25 mills in 1975-76.

The purpose of the municipal overburden adjustment is to allocate additional revenues to those districts which have relatively high property tax rates for other municipal services. The adjustment helps ease the competition for property tax revenues in urban areas.

The adjustment is made by calculating the average state property tax rate for municipal services and for school construction and debt service. If a school district's property tax rate for municipal services exceeds the state average rate by more than 125 per cent, the local valuation used in the district's equalization formula is reduced. The adjustment makes the district appear to be poorer and thus entitled to more equalization aid.

The old law was challenged in *Milliken vs. Green.*[13] It was held to violate the equal protection guaranteed in the state constitution. Following the decision, the legislature enacted the new law which the Michigan Supreme Court has emphatically endorsed. However, the court indicated that school finance is not within the expertise of the judiciary and that any future problems should be resolved through the legislative process.

MONTANA

Bill No.: House Bill 428
Statute No.: Chapter 355
Contact: Carroll C. Blend
Office of Superintendent of
Public Instruction
State Capitol
Helena, Mont. 59601
(406) 449-3[illegible]69

Robert W. S[illegible]kton
State Aid Distribution Supervisor
Office of Superintendent of
Public Instruction
State Capitol
Helena, Mont. 59601
(406) 449-3167

Key Provisions

- A uniform county property tax including state recapture of excess revenue.
- Expenditure increases are limited to seven per cent.
- A statewide property tax is authorized if needed to pay for any deficits in the state program.

Under the previous foundation program, the maximum general fund budget for operating expenditures was computed according to statutory schedules based on the average number attending an elementary or secondary district's school during the year. Twenty per cent of this budget was funded by a tax on property within the school district. The remaining 80 per cent was the responsibility of the state; it was funded by the progressive use of funds raised by various means. The progression had three steps: (1) A countywide property tax to a limit of 25 mills for elementary schools and 15 mills for secondary schools would be imposed and the funds distributed ratably to the districts. (2) If this failed to fully fund the 80 per cent, the state would contribute from earmarked revenue (25 per cent of the personal income tax and of the corporation tax) and from state general fund appropriations. (3) If this contribution were deficient for a district, the county was then authorized to levy a property tax for the difference between the county and state contributions and the 80 per cent of the maximum general fund budget.

Some counties with a high taxable valuation were able to fund the 80 per cent with a mill levy of less than 25 mills for elementary and 15 mills for high school. They received no state contribution. Poorer counties or those with a high pupil population were continually levying the 25 and 15 mills, receiving state contributions and then further levying for the deficiency.

Conscious of the *Serrano*-like inequities in this system, the 1972 Constitutional Convention mandated the equitable funding and distribution of the state's support of education. House Bill 428 is the legislative implementation of this mandate.

1973 Legislation: "Power-Equalizing"

House Bill 428 makes three changes in this system:

(1) It *mandates* the imposition of the county levy of 25 mills for elementary schools and 15 mills for high schools. If the funds raised by these levies exceed the 80 per cent share of the dis-

trict budget when distributed ratably, the excess is remitted to the state for redistribution, i.e., "power equalization." If funds so raised do not fund the 80 per cent share, the state (using remitted monies, earmarked revenues and appropriations from the general fund) does so.

(2) If the monies raised by the mandatory levies by the county and the contributions by the state are insufficient to fund the maximum budgets, the state imposes a statewide property tax at the rate necessary to fund the deficiency.

(3) District levies necessary to fund the 20 per cent of the budget which is a local responsibility are limited to 9 mills for elementary districts and 6 mills for secondary districts. If this is sufficient, a statewide levy may be imposed to make up the deficiency.

Thus, House Bill 428, while retaining the county as the basic revenue-collecting authority, in effect imposes a statewide property tax of 40 mills. This tax includes 25 mills for the support of elementary education and 15 mills for secondary education.

Budget Ceiling

House Bill 428 also limited increases in maximum general fund budgets to seven per cent of the previous year's budget. This limitation is unrelated to the equalization provisions of the bill. It rer resents a legislative intent to stem rising school costs. Exceptions are granted for emergency situations such as large unexpected increases in enrollments or a cutoff of federal funds. The limitation may be overridden by vote of the people.

Related Legislation

Several other bills passed in the 1973 legislature affect school finance. Senate Bill 261 increased the statutory schedules for computation of the maximum general fund budget. Senate Bill 197 appropriated sufficient money from the general fund to fund the state contribution to local districts for the biennium. Senate Bills 106 and 261 increased the budgeting authority of districts and provided for the expansion and improvement of school programs. House Bill 19 further implemented the process of reassessment of property begun in 1959; it brings county assessors under the supervision of the state department of revenue and allows the department to set uniform assessment standards.

NORTH DAKOTA

Bill No.: Senate Bill 2026
Statute No.: Chapter 127
Contact: H. J. Snortland, Assistant Superintendent
North Dakota Department of Public Instruction
Bismarck, N. D. 58501
(701) 224-2261

Key Provisions

- Computerized allocation of funds on basis of cost of operation.
- Equalized 21-mill county levy, the equivalent of a statewide tax on property.
- The equivalent of a 20-mill local effort is equalized.
- The local property tax is reduced.

A Committee on Education under the auspices of the Legislative Council reviewed the existing foundation program and made its recommendations for a new program in 1972. In examining the cost of education, the committee found such inequities as the use of the same weighting factor for all high schools regardless of size or actual cost. The committee also found that the property tax base behind each pupil ($4,000 average) ranged from a low of $103 in one district to a high of over $37,000 in another.

The Legislative Assembly intended, when the foundation program was enacted in 1959, that the state should provide 60 per cent of the statewide cost of education. By 1970-71 the state was providing only 42 per cent. Change was forthcoming.

The new law is the most expensive piece of legislation the state has ever known. One-third of the state's budget now goes to elementary and secondary schools. The state's share of the cost of operating these schools will increase from 42 to 70 per cent.

Under this system the amount of $540 is the basis for calculating grants-in-aid on a per-pupil basis with weighting factors applied. Subtracted from this amount on a district basis are:

1. The product of 20 mills times the latest available net assessed and equalized valuation of property in the school district. (See * below.)

2. The amount in dollars of the "state group rate" multiplied times the number of students for whom the district receives PL 81-874 payments.

An equalizing effect is produced by a 21-mill county levy which amounts to a statewide tax on property. These funds are used to make allocations among the state's 53 counties.

Problem of Impact Aid

As the committee considered the cost of education and prepared to determine the amount of state aid, it calculated only 90 per cent of costs since North Dakota receives 10 per cent of its

*** 20-Mill Local Equalization**

Districts are not required to levy a 20-mill tax. This provision is, in effect, a version of power equalizing. Wealthy districts have more dollars deducted from the state payment than do poor districts.

school finance needs from federal funds under PL 81-874. The committee recommended that the amount of federal funds each district receives be subtracted (see above) from the amount of state entitlement in order to eliminate the duplication of payments. This seemed practical because of a complexity in the "state group rate" formula which is used both for a determination of allocations under the 21-mill levy and also for the payment from the federal government. Uncertain on this recommendation, the state sought a formal opinion from the U.S. Office of Education. The opinion was unfavorable. The computation was declared illegal. Further federal assistance was denied. However, a year's reprieve was granted so that North Dakota will receive aid. This portends either a congressional amendment permitting the calculation of impact aid in the state system or a revamping of the state's formula. Kansas is faced with the same prohibition.

Eligibility

There are some definite requirements for eligibility for districts to receive state disbursements. One is that no new courses of instruction, with a few exceptions, shall be implemented without the unanimous consent of the local school boards. There are also qualifications regarding minimum curriculum and teacher qualifications.

Property Tax Relief

School districts will be required to roll back their local levies by an average of 15 mills. This rollback will amount to a total of $18 million in property tax relief over the biennium. The tax relief and the $118-million foundation program will mean that the state must come up with $39 million in new school revenue. This is possible because of a $40-million carryover from the previous biennium, revenue sharing funds and conservative estimates on income and sales tax revenues over the past few years.

Other Provisions

State transportation payments will increase from 16 cents to 23 cents per mile.

UTAH

Title of Legislation: School Finance Program
Bill No.: Senate Bill 72
Statute No.: Chapter 109, Laws of Utah, 1973
Contact: Heber Fuller, Senior Analyst
Office of Legislative Analyst
State Capitol Building
Salt Lake City, Utah 84114
(801) 328-5406

Sherman G. Eyre, Administrator
Division of Administration and Auxiliary Services
Utah State Board of Education
1400 University Club Bldg.
136 E. S. Temple St.
Salt Lake City, Utah 84111
(801) 328-5866

Key Provisions

- A weighted student distribution system replaces the distribution unit.
- "Power equalizing" approach is expanded.
- State aid is increased with greater equalization.
- Number of weighted students is the average of ADA and ADM.
- Categorical aid is given for compensatory education and elementary guidance.

For nearly 20 years, Utah has been allocating funds to school districts on the basis of distribution units. A distribution unit (DU) was allowed for each 27 students in grades 1 through 12 who were in average daily attendance. Additional DU's were allowed for small rural schools, handicapped children's programs, vocational and special education programs and for professional nonteaching personnel.

Funds were raised and allocated under three programs: (1) the basic school program, (2) the board leeway program and (3) the voted leeway program. The basic school program was power equalized. The state guaranteed that 16 mills would raise $9,210 per DU. The state could recapture excesses, but no districts have raised $9,210 per DU for the last several years. The board leeway program was equalized at a lower level; the recapture clause did not apply to this program. The voted leeway program was equalized at an even lower level. Only 11 of the state's 40 districts voted any extra mills.

Utah's old system had met many of the requirements of school finance court cases. The National Educational Finance Project listed Utah as second only to Hawaii on the equalization of resources within the state. Yet some legislators and the governor felt improvement could be made. Utah is undergoing a local government modernization study which includes education. Subsequently, the legislature commissioned the legislative council to make a study of how to improve the system to provide more equal educational opportunity for Utah students.

The Weighted Student Distribution System

Under Senate Bill 72, revenue will be allocated on a more refined basis of educational need and cost. Cost weightings are established for the following: (1) regular students, (2) handicapped education (10 categories each for both self-contained and resource classes), (3) vocational education, (4) small schools, (5) professional staff cost, (6) administrative costs, (7) miscellaneous categories. Each school district will calculate the number of weighted students in average daily at-

tendance plus average daily membership, divided by two. The state will then guarantee that for each weighted student a district will have $508 of revenue available to spend.

Increased State Aid and Equalization

The new law retains the requirement for a uniform mill levy in all districts, and the state can still recapture excesses. In fiscal 1973-74, each district must levy 28 mills (the equivalent of the old basic program with board leeway). The state guarantees that 28 mills will produce $508 per weighted student.

No recaptures are expected this year, but mineral and power development in some counties may make this happen in the near future. Local boards of education can no longer levy additional mills. The voted leeway remains; it is equalized at a very minor level. No recapture is possible from voted leeway mills.

The Utah Legislature appropriated a record $22.6-million increase ($216 million total) to pay for the program. The sources of revenue include:

(a) State revenues:
  (1) The entire yield of the state individual income tax.
  (2) The entire yield of the state corporate franchise tax.
  (3) A substantial transfer from the state general fund which includes revenues from a great variety of state taxes.
  (4) The entire yield of a small statewide property tax.

(b) Local revenues:
  (1) The entire yield of a required 28-mill local property tax levy.
  (2) The entire yield of voted leeway levies. (Thirty of the 40 Utah districts do not participate in this part of the program. The remainder have local levies ranging from slightly above one mill to approximately seven mills.)

The required levy and the voted leeway levy together will yield approximately $62,000,000 of the $216,900,000 minimum school program.

Categorical Aid Programs

In addition to the weighted pupil program, Senate Bill 72 established a $600,000-categorical aid program for compensatory education. Other categorical appropriations include: $545,000 for instructional media centers; $650,000 for extended year, extended day and summer programs; $325,000 for community school programs; $250,000 for elementary school guidance; $4,165,300 for state-supported transportation. In a companion bill the state more than tripled the amount of state aid to local construction.

WISCONSIN

Title of Legislation: School Finance Sections of State Budget
Bill No.: 1973 Assembly Bill 300
Statute No.: Chapter 90, Laws of 1973
Contacts: Ronald W. Geason, Budget Analyst
State Bureau of Planning and Budget
1 W. Wilson St
Madison, Wis. 53702
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State Capitol Building
Madison, Wis. 53702
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Key Provisions

- State aid is increased and the property tax is reduced.
- Valuation is guaranteed, with recapture possible in 1976-77.
- Disincentives for high-spending levels are included.

Wisconsin has funded its public schools through a guaranteed valuation plan since 1949. The state set a guaranteed property valuation behind every student, and then made up the difference between the local district's actual valuation and the guaranteed valuation. State aid was paid on costs in an amount proportionate to the district's valuation in relation to the state guarantee. No excesses were recaptured from wealthy districts. If a district's valuation exceeded the guarantee, that district received a flat grant for each elementary and high school pupil enrolled.

In the 1973 budget, the legislature raised the guaranteed valuation significantly, did away with flat grants and enacted a recapturing clause.

Increased State Support and Property Tax Reduction

Under the approved budget, general school aid will increase from $577,491,900 in 1971-73 to $882,531,800 in 1973-75. The 53 per cent increase will reduce the mill rate for education in 97 per cent of the districts. Nearly 90 per cent of the districts will receive more aid than in the previous budget.

Primary Guaranteed Valuation for Each Pupil

Wisconsin now sets a substantially higher property valuation behind each student: in 1973-74, $71,200 for districts operating grades K-12 ($52,000 under old plan); $68,200 for elementary grade school districts; $170,500 for high school districts. As in the old plan, the state makes up the difference between what the actual local valuation will raise and what the guaranteed valuation would produce. Beginning with the 1976-77 school year, districts with valuations higher than the guaranteed level will have to make payments to the state proportionate to the amount the local

valuation exceeds the guaranteed valuation. Transitional payments are provided for a 10-year period in order to phase in the recapture provision.

Computation of the Tax Rate

The property tax rate equals "shared costs" divided by the guaranteed valuation. "Shared costs" include the net cost of school operation and interest payments on long-term indebtedness and annual capital outlay for the current school year (capital indebtedness and outlay cannot exceed $100 per pupil in the formula).

$$\text{Tax Rate} = \frac{\text{Cost}}{\text{Guaranteed Valuation}}$$

If a school district having grades K-12 had a per-pupil cost of $1,000, the tax rate would be 14 mills.

$$\text{Tax Rate} = \frac{\$1{,}000 \text{ cost}}{\$71{,}200 \text{ Guaranteed Valuation}} = .014$$

The higher the cost or spending level, the higher the tax rate. This provision has the effect of relating spending to tax effort.

Secondary Valuations and the Disincentive to Spend at High Levels

In addition to requiring high-spending districts to levy higher property tax rates, there is another disincentive to overspend. Each district is assigned a secondary valuation. The secondary valuation equals the state-equalized valuation divided by the number of pupils in the state. The secondary valuation is lower than the primary guaranteed valuation. If a school district's spending does not exceed 110 per cent of the previous year's spending, the primary guaranteed valuation applies to the state aid formula. If a district's spending exceeds 110 per cent, the primary guaranteed valuation applies only to the spending up to the 110 per cent level. The state would then apply the secondary valuation to spending that exceeded 110 per cent. The effect is that the state does not share in the cost of high-spending districts to the same degree that they share in the costs of low-spending districts.

Other Provisions

1. The establishment of school district standards including: minimum salaries, certification of teachers, supervisors and administrators; requiring kindergarten programs; requiring handicapped and special education programs.
2. Creation of a special educational needs program for preschool and primary elementary grade students who experience or are likely to experience low academic achievement due to socioeconomic factors.
3. Implementation of a one-year control on district spending levels to ensure that a portion of increased state aid will be used to reduce the property tax.

CHAPTER 3
Property Tax Relief and Reform

New methods of financing state school systems come primarily from attempts to achieve two goals: (1) *equalizing educational opportunity* and (2) *developing equity* in the tax burden required to pay for the schools. An essential aspect of this reform process is the distribution of wealth required to effect these two goals.

Much has been written about the rising costs of education. Even more has been written about the local real property tax, its regressivity and the excessive use of it for school support.

Many factors—population growth, inflation, technological changes and urban problems among them—have contributed to the dollar increase in demands on the property taxpayer. The percentage of family income which goes for property taxes is often excessive.

This chapter covers:

1. Property tax relief
2. Property tax reform in Vermont
3. Property tax reform via assessment practices (Maryland, Oregon, Florida and California)

In spite of the continuing dialogue concerning the property tax, it probably is here to stay. Even if reformed and limited, it is still the revenue base that best provides the amount of stability needed for planning governmental budgets. However, it must be administered uniformly.

Recognizing that schools use many tax dollars, the public is increasingly questioning what the schools are doing with this money. Voters frequently turn down both bond issues and increases in mill levies. This "taxpayer revolt" has led to legislative efforts to develop accountability programs.

Adding to the disenchantment were court rulings that school district taxable wealth should not be the determinant of educational opportunity. The courts emphasized the inequities inherent in tax structures and the consequent inequalities in educational opportunity. School finance equalizing plans require detailed determination of each district's assessed valuation before state school aid can be calculated. The effort to equalize makes the lack of uniformity in assessments of taxable properties all the more obvious.

Property Tax Relief

Property tax relief measures have been adopted in all 50 states. They have taken various forms. Some states exempt the totally disabled. Every state now has some property tax relief for the elderly.

Until recently the taxpayer class affected by the property tax was usually considered to be made up entirely of property-owners. The rising tax burden was thought of as the property-owner's misfortune. In the past few years, however, there has been increasing awareness of the fact that the property-taxpayer class includes tenants and that their needs should be taken into account.

The need for special treatment for older people, as noted above, is also being recognized. The elderly generally have fixed incomes; increases in the property tax increase the cost of their housing, which then takes a larger percentage of their income.

The most common form of property tax relief was conceived by the Advisory Commission on Intergovernmental Relations (ACIR); implementation was pioneered by Wisconsin, Minnesota and Vermont. Turning to electricity for a descriptive title, the ACIR calls its technique the "circuit breaker." The theory is that when the property tax reaches an "overload" or high percentage of personal income, the state breaks the circuit by providing aid.

Property tax relief is very much a politically viable issue. Reform of the tax, however, is a different story. The question, "What is *wrong* with the property tax?" will probably occupy economists, from academe to the park bench, for a long time. Some of the reforms being considered are extraordinary.

Property Tax Reform

The Department of Housing and Urban Development has provided a $500,000 grant to assist the Vermont Tax Research Plan,[14] a project of the state's Department of Budget and Man-

agement. The project will be an analysis of a 10 per cent sample of the entire state, encompassing 26 jurisdictions, ranging from the smallest town to the largest city.

The proposed replacement for the general property tax in Vermont consists of an "ad rem" or classified land use tax system and a Town Tax system. An "ad rem" tax is defined as a tax "on the thing," or a tax whose base is something other than market value. The phrase is used to indicate that the tax is not an "ad valorem" tax, i.e., a tax on market value.

1. "Ad rem" System. The principal elements of the Vermont proposal include:
   a. *A "cost-of-government" tax.*
      The cost-of-government tax defined by the plan is a land use tax based on the landowner's declared use and the size of his holding;
   b. *A graduated real property transfer tax.*
      This tax would be imposed and retained at the local level and would be graduated according to the desirability of use. It would be graduated from one-half of one per cent on the sale price of residential land to 10 per cent on the sale price of open land. This is, in effect, an attempt to use an economic incentive to protect open space.
   c. *A "cost-of-buying-in" provision.*
      This is an interesting attempt at solving a major urban problem. It would directly affect a developer who is "buying in." It would be a one-time tax based on square footage. The purpose of this tax is to encourage redevelopment of rundown areas where the "buying-in" cost has already been paid, (that is, where municipal services already exist), rather than the development of new areas which would require increased municipal expenditures.
2. *Town Tax System.*
   a. *Town Tax.* The Town Tax is based on an individual's state income tax liability or corporate tax liability. Ability to pay is the single guideline in determining Town Tax rates. Standardized tables similar to those issued by the U.S. Internal Revenue Service for determining the Town Tax would include information on a federal, state and local taxes (including the prorating of excise and use taxes).
   b. *Town Tax on non-residents.*
      Vermont is perhaps singular in that one-third of all the privately owned land in the state is owned by nonresidents. This property is largely used for only part of any given year. The nonresident's Town Tax bill would be computed from three factors: land-use class, size of holding and Vermont resident liability. It would be the weighted average tax paid by a resident in that land use class based on size of holding.

These taxes are considered to be a beginning reform program. The program is designed to provide, among other things, "an equitable distribution of costs of education among all property-owners and users including renters and out-of-state people."[15]

* * *

Several states, including California, are taking a long look at the property tax exemptions granted to favored industries, churches and other institutions. A considerable amount of the tax base is lost because of these exemptions to the collecting district or the state.

Property Tax Reform
Via Assessment Practices

Assessed valuations among counties and districts within a state must be comparable because they are the basis for computing state aid. Left to the discretion of local assessors, assessments could hardly be expected to be truly uniform. Poor assessment practices may have the same effect as changing the tax rate.

Various procedures to correct these matters are being considered or have been enacted by state legislatures. Computer systems are being used to take the guess work out of property appraisal as well as to determine ratios, required tax rates and other information. Assessment procedures and assessor training are generally being improved.

The states reviewed here are Maryland, Oregon, Florida and California.

MARYLAND

Looking back to recommendations of Maryland's Baker Commission of 1913, the legislative session of 1959 created by law a State Department of Assessments and Taxation. The director,

who under the law "shall be a person with executive ability and with experience and training in the field of taxation," is appointed by the governor and serves as a career officer under the state merit system. The department prepares and maintains all tax maps, prescribes all local assessment forms and establishes procedures.

The Maryland General Assembly completed the long process of strengthening assessment practices by making assessment a function of the state in 1973. The administrative requirements of such a shift in responsibility make it necessary that it be done in stages.

Local practices had made it clear that reform was needed. Some assessors still under local control had not reassessed for seven or eight years. The result was that during a time of rising inflation, some property owners were faced with increases as high as 100 per cent increase in their property tax bills. Legislators, reacting to the demands of unhappy constituents, introduced more than 200 bills to change assessment procedures in the 1973 session.

OREGON

Oregon should be noted for its achievement of raising the statewide ratio of assessed value to market value from 25 per cent to nearly 100 per cent. This development, coupled with a strengthening of the state supervisory agency, has achieved uniformity among counties. A five per cent countywide variation from the state standard for assessments is permitted. Progress has also been made in achieving uniformity within counties.

FLORIDA

Until 1973, a property assessment ratio study was used in Florida to adjust the assessed valuation to meet the requirements of the school finance formula for the distribution of aid.

The ratio of assessed value to market value varies from county to county. The ratio study computes the ratio between a county's total assessed valuation (as determined by local assessors) with the county's total assessed valuation (as determined by state assessment of a representative sample of the county's taxable property). The ratio studies were then used to adjust each county's total assessed valuation to 100 per cent of market value. This was necessary because assessed valuation is the basis for distributing state school aid.

Declared illegal in a lawsuit in 1972, the practice was revised. In 1973 it was once more challenged in the Florida courts. The Supreme Court of Florida made it clear that school aid could not be distributed by this means.[16]

The Property Assessment and Administration Act of 1973 (H.B. 1331) brought a major overhaul to the Florida assessment process. It gives the state a broader supervision of local assessment administration. The state prepares and maintains a current manual of instruction for tax assessors, prescribes forms to be used and furnishes aerial photographs and ownership maps. The law creates a state loan fund to aid in the upgrading of local assessment practices.

The state can refuse to certify tax rolls if assessments are deemed to be inconsistent with state law or sound practice. The State Division of Ad Valorem Taxes has authority to run ratio studies if it appears that these would help to improve assessment practices. However, these studies will not be used in calculating the distribution of state aid.

CALIFORNIA

California has continued to make progress in reforming and strengthening its property tax system. One of California's outstanding programs has been the use of "multiple regression analysis" and computer-assisted property appraisal. These techniques provide tentative appraisal values whose accuracy can easily be checked. In some counties, assessments have become more accurate than those of even the best assessors who do not use this technology. The computer is putting an end to the need for cyclical re-evaluation over periods of four to six years because appraisals are kept fairly current.

California has one of the best state assessment ratio studies in the entire nation. The California State Board of Equalization directs the studies on the basis of appraisals carried out by its Intercounty Equalization Division. The studies which result from an assessment practices survey are released each six years and are given broad distribution to the public. These provide an accurate measure of school district and county taxable wealth. Thus, there is a rational basis for distributing equalizing aid.

Notes

[1] ***Serrano vs. Priest,*** *5 Cal. 3d 584, 487 P.2d 1241 (1971).*

[2] ***Rodriguez vs. San Antonio Independent School District,*** *337 F. Supp. 280 (1971).*

[3] ***San Antonio Independent School District vs. Rodriguez,*** *41 L. W. 4407, 93 S. Ct. 1278 (1973).*

[4] ***Robinson vs. Cahill,*** *62 N.J. 473, 303 A.2d 273 (1973).*

[5] ***Intrastate School Finance Court Cases: States and Cases as of August 1972,*** *Lawyers' Committee for Civil Rights Under Law, Washington, D.C.*

[6] *Chris Pipho,* ***Survey of School Finance Study Commissions and Committees*** *(Denver, Colo.: Education Commission of the States, Research Brief No. 1, June 1, 1972).*

[7] *John E. Coons, William H. Clune III and Stephen D. Sugarman,* ***Private Wealth and Public Education*** *(Cambridge, Mass.: Belknap Press of Harvard University, 1970), pp. 201-242.*

[8] ***State ex. rel. Woodahl vs. Straub,*** *Docket No. 12651, 31 St. Rep. 138, Pac. 2d, (1974).*

[9] ***Lau vs. Nichols,*** *483 F2d 791, rev., Sup. Ct. (1974).*

[10] ***Caldwell vs. Kansas,*** *Docket No. 50616 (Dist. Ct.) Kansas, August 30, 1972.*

[11] ***San Antonio Independent School District vs. Rodriguez,*** *41 L.W. 4407, 93 S. Ct. 1278 (1973).*

[12] ***Caldwell vs. Kansas,*** *Docket No. 50616 (Dist. Ct.) Kansas, July 5, 1973.*

[13] ***Milliken vs. Green,*** *389 Mich. 1, 203 N.W. 2d 457 (1972).*

[14] ***The Vermont Tax Research Plan,*** *Agency of Administration, Department of Budget and Management, Preliminary Proposal, October 24, 1973. The description here of Vermont's proposal is excerpted and paraphrased from this plan.*

[15] *Chrisman, Ronald E. W., "Tax Reform in the States," Speech, Twenty-ninth Annual Meeting, National Association of State Budget Officers, 1973 (St. Paul, Minn.: Council of State Governments, 1973), p. 16.*

[16] ***District School Board of Lee County vs. Askew,*** *278 So. 2d 272 (Fla. 1973).*

Appendix I

STATE SCHOOL FINANCE STUDIES

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APPENDIX II. MAJOR CHANGES IN SCHOOL FINANCE: STATEHOUSE SCORECARD

(Education Commission of the States, Denver, Colo. 80203, 1974)

	Amended Foundation Act	*Equalization*	*"Recapture"*	*Negative Aid*	*Expenditure Limitations*	*Guaranteed Valuation Per Pupil*	*Guaranteed Revenue Base*	*Guaranteed Levy*
Colorado		Variable unit resource	Implied prohibition in state constitution		Amount of property tax revenue plus equalization support		$8 per pupil per mill, 1974 attendance equivalent	
Florida		Property tax	Districts keep excess		Built into formula based on factors		Minimum support level	(Minimum revenue per FTE)[3]
Illinois	School districts have 3 options: 1. 1972-73 Foundation Act; 2. The same act with a Title I, ESEA weighting; or 3. A resource equalizer plan	Resource equalizer[1] (3)			25% of previous year's entitlement	$64,615, elementary; $120,000, secondary; $42,000 unit (K-12)		
Kansas		Partial "power equalizing"			Lesser of these two: 105% of preceding year median of BPP[2] in same enrollment category or 115% BPP preceding year			
Maine		"Power equalizing"	Excess from uniform mill rate		**Operating costs additional appropriation limited to 2½ miles per pupil**			
Michigan		Partial "power equalizing"	Gain would be too slight			$38,000-1974		Up to 22 mills in 1973-74, up to 25 mills in 1974-75
Montana	Minimum operating expenditure	"Power equalizing"	Excess over 80% district budget		Limits increased in general fund budgets to 7% over previous year			25 mills—elementary; 15 mills—secondary
North Dakota		20-mill property tax levy; 21 mill statewide levy		Poor districts Less $ deducted from state aid	Allocation based on previous year's operating cost			
Utah			Entire 28-mill local levy proceeds		Ceiling on state total appropriation		$508 per weighted pupil unit	28 mill local levy
Wisconsin		"Power equalizing"	Possible recapture in 1977	Reduction in "shared costs" borne by state	1. Direct cost control, limiting certain cost increases to $55 per pupil; 2. Indirect spending disincentive	(1973-74) K-12 $71,200 elementary $68,200 secondary $170,500		

[1] *"Resource Equalizer."* Illinois' name for power equalizing.

[2] *BPP*. Budget Per Pupil. Guaranteed expenditure level (determined by enrollment size categories and local tax effort in Kansas).

Characteristic Basis for Determining State Aid	Density Adjustment	Cost of Living Adjustment	Flat Aid From State	Transportation	Special Education	Compensatory Education	Vocational Education	Local Leeway
Per Pupil — AE [4]	15% adjustment Small attendance centers bonus		$8 per pupil per mill, 1974; graduated $10, 1976	HB 1466 reimbursement Categorical aid increase	HB 1164 categorical aid		Categorical aid	Not applicable
FTE s X Cost actors — Basic tudent cost — Cost of living actor		Factor in determining county allocation		Separate allocation	Weighted factor	0 05 weighting factor		
WADA for Option 1 WADA plus FSEA Title I tudents for options 2 and 3			$48 WADA		Categorical aid Professional workers			
Norm budget er FTE pupil				Special state fund actual cost or cost density	Special state fund plus district may levy 1 5 mills AB 1092		Weighted special state fund plus district may levy 2 mills	
tate average per upil operating ost	Isolated schools			State aid included in allocation	Chapter 609 included in allocation LD No 965		Computed in allocation	Voters may increase 2 ½ mills — guaranteed to produce $50 per mill Excess recaptured
uaranteed ill levy	Adjustment in district valuation							
verage Number elonging (ANB)								
DM ost of operation				State reimbursement				
verage of ADA nd ADM eighted pupil units				77% of approved cost from state	Weighted	Categorical aid		Voted program remains, but provides less than 2% of state/local funds
DA			Abolished except for social workers and psychologists		Chapter 89 Laws of 1973 Highly developed			None

[3] *FTE* Full Time Equivalent students. New way of counting students for state aid purposes. See ADA
[4] *AE* Attendance Equivalent Colorado's unit for counting students.

APPENDIX II (Continued)

	Budget Review Boards	*Statewide Property Tax*	*Countywide Property Tax*	*Local Property Tax*	*Income Tax Source*	*Assessment Statewide*	*Hold-Harmless Allowance*	*Surplus State Treasury*
Colorado	Permits increases in level of support	None	Denver	Levy for district general fund				$150 million
Florida							Minimum level of support effective for 1 year	
Illinois								
Kansas	State Board of Tax Appeals may authorize increases		Uniform county mill levy		10% rebate to district of individual liability			
Maine		Uniform		Local government expenses				
Michigan								
Montana		Only if necessary to fund deficiency	Statewide effect—25-mill, elementary; 15-mill, high school	9-mill limit, elementary; 6-mill limit, secondary		County assessors under state revenue dept.; uniform standards reassessment		
North Dakota			21-mill county levy					Revenue sharing, trust fund, $25.3 million; $40 million carryover
Utah		Small			Entire yield of individual state income tax			
Wisconsin				Average levy rate 14.86 1974-75 statewide				

Achievement Scores	***Eligibility for Receipt of Funds***	*Phase-In*	***Bilingual Program***	*School Construction*	***Debt Service Funds***	*Intermediate School Districts and Boards of Cooperative Services*	***PL 874 Section 5(d)(2)***	*Other*
ot applicable			Decision *Lau vs. Nichols*	Budget based on ADA	Budget based on ADA	S B 60 funding	District protected against loss	Contingency reserve
riteria for ompensatory ducation			Categorical aid-funding limited to 4 years	Separate allocation. Categorical aid	Separate allocation. Categorical aid			School-by-school reporting system
	Standards set by superintendent of public instruction							
				No change			Problem of illegal computation; saved by amendment for 1973-74	
			Chapter 225, L.D. No. 165					
riteria for state unding				Equalized	Equalized			
	New courses of study, few exceptions, require consent of local school boards. Curriculum-teacher standards						Problem of illegal computation; saved by amendment for 1973-74	
		3 years if district needs it		Appropriation to districts according to need		Instructional media centers, categorical	District protected by authority to levy	
	A.B. 300, Sec. 448, 121.02 compliance required	Transitional payment over 10-year period		Maximum $100 per pupil included in district's shared costs		19 intermediate agencies provide services, which districts purchase. Some state funding		

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